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Feb. 1, 2005

(561) 852-0551

Senator Connie Mack and Senator John Breaux
2300 M Street, N. W.
Washington, D. C. 20037

re: Simplify the Tax Code

Dear Senators:

I enclose a copy of my suggestion, Simplify the Tax Code,
initiated by President Bush.

This updates (and hopefully clarifies) my FAXs to you dated
Jan. 17 and 21, 2005.

I'm mailing this suggestion concurrently to Senator Bill Nelson
and Senator Mel Martinez and Congressman Robert Wexler.

I hope this will help you and the 150 million taxpayers achieve
the goal of having a simplified Tax Code.

Thank you. Good luck. God bless America.

Patriotically and Sincerely,

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Phone#: (561) 852-0551 Page 1 of 3

Subject: Simplify the Tax Code

1. One Tax Table with 14 segments of Taxable Income will produce a Tentative Tax.- TT.
- 2a- The segments will range from Taxable Incomes of \$Zero to \$10 Million and Over, the 14th segment.
- b- The details of the segments are omitted here for brevity. They are summarized as follows:
 - 4 segments between \$Zero and \$100,000;
 - 3\$ 100,000 and \$500,000;
 - 4 500,000 and \$1,000,000; and
 - 3 1,000,000 and Over.
3. The Final Tax (FT) is produced from the TT, by Rounding the TT in multiples of \$20, \$100, or \$1,000, detailed later, in #11.
4. The TT is determined by the Average of the IRS' actual Taxable Incomes for the years 2001 through 2003, and the IRS' estimated 2004 Taxable Incomes of the 14 segments, for Single and Married taxpayers, later defined, in 7a and 7b.
5. Because Taxable Income is used in the future, based on the similar data for 2001 through 2004, ALL DEDUCTIONS ARE ELIMINATED (which are between Lines 23 and 41 of the Form 1040 for 2004).
6. Also, since the TT can be based on the "Total Tax" (Line 62 of the 2004 Form 1040) and the 2001 to 2004 similar data, then ALTERNATIVE MINIMUM TAX and CREDITS can be eliminated.
7. The Tax Table will be for "Single" and "Married" only.
 - a. "Single" will include Single and Head of Household. This will be determined by their ^{respective} percentages to their combined total, from the IRS Statistics for 2001-2004.

Although the number of Single and Head of Household varies each year, the difference is negligible in the "big picture".
 - b. "Married" will combine: Married Filing Jointly; Married Filing Separately; and Qualifying Widow(er) with Dependent Child (QWDC).

"Married" means a man and woman who are officially joined as husband and wife.
Because this tax law is a Federal law, any state law to the contrary will not apply.
The Married Filing Jointly and Married Filing Separately are combined fairly, by their respective percentages to their total, from the 2001-2004 IRS Statistics.
The QWDC is combined with Married because its tax rates were always combined with Married Filing Joint Rates. No allocation is necessary.
 - c. Thus, the Filing Status designations (Lines 1 through 5) will be for Single and Married only. Because: you're either Single or Married.
 - d. The Dependents in Line 6c of the 1040, will remain. They are reflected in the IRS Statistics for 2001-2004.

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8. Since Forms 1040A and FormEZ show their tax on Taxable Income of under \$100,000, it may be possible to combine their data with the Form 1040 data in the ^{first} 4 segments of this Tax Table, by computer. If so, Forms 1040A and 1040EZ can be eliminated.
9. A cash Refund, or Credit to a new "Charity" account should be established for donors to charities.
- The Refund or Credit will be in donor's Social Security Number.
 - The Amount of the Refund or Credit will be the donor's Annual Contributions, Rounded in multiples of \$20, \$100, and \$1,000 in the same way that Tentative Tax (TT) was rounded to Final Tax (FT). See #11 below for "Rounding" details.
 - If the donor had an IRA or similar account, the "Charity" account will be added to the IRA account, in a separate column, a saving of accounting time and cost.
 - The donor elects a cash Refund or Credit, or Refusal of both, each year, on an IRS form. It cannot be changed during the year of election.
 - The Charities will notify the IRS of the donor's Annual Contributions at the same time that employers or brokers do, on a Form 1099.
 - The Refund or Credit is not interest-bearing, because it is given at the same time as other timely-paid refunds are paid.
 - The Refund or Credit belongs to the donor. Therefore, it can be given to a beneficiary, distributed by Will, or if neither, be given to one of several secular organizations as designated. This avoids the Church vs. State problem.
10. Comments concerning this "Charity" account system:
- The Government encourages and acknowledges charity-giving.
 - All donors receive a benefit.
- Until now, only donors who used the Itemized Deductions received a benefit, because their Contributions reduced their tax by their tax rate.
- Until now however, donors who used the Standard Deduction did not receive such a tangible benefit, because their contributions were already included in the Standard Deduction.
11. "Rounding" details:
- If the Tentative Tax (TT) or donor's Annual Contributions should be reported in Pennies, then Round Down or Up to the nearest Dollar.
 - Where the Dollar amount ends with a "1" or "2", Round Down to \$0;
 - Where the Dollar amount ends with a "3" or "4", Round Up to \$5.
 - For the lowest segment of Taxable Income (\$Zero to \$40,000), Round the Dollar amount, Down or Up, to \$20, \$40, \$60 or \$80 parts.
 - For segments above \$40,000 to \$1 Million Taxable Income, the first \$50 of Dollar Amount will be Rounded Down to \$..00.
 - The next \$50 of Dollar amount, will be Rounded Up to the higher \$..00.
 - At this point, the Final Tax will be Rounded to \$100 multiples for Taxable Incomes above \$40,000 to \$1 Million.
 - For Taxable Incomes of \$1 Million and Over, the first \$500 of \$1,000 Tentative Tax (TT) will be Rounded Down to \$00.
 - The next, or upper \$500 will be Rounded Up to the higher \$00 amount.
 - At this point, the Final Tax (FT) will show multiples of \$1,000 for Taxable Incomes of \$1 Million and Over.
 - The same procedure would apply to donor's Charitable Contributions, annually.

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12. Tax-Exempt Income:

- a. Tax-Exempt Interest income should be shown on a separate line 23a, indented, following all reported "Total Income" now on line 22.
- b. "Other Tax-Exempt" income should be shown on a separate line 23b, indented.
- c. Reason: Taxpayers may deem an item is tax-exempt, when it might not be, based on the facts.
- d. However, they may contend that Tax-Exempt income should not be reported, because only taxable income should be so reported.

13. "Taxable Income" heading in this Tax Table:

- a. The heading "Taxable Income" in this Tax Table invites a constitutional question. That is, since all deductions (and credits) have been eliminated, only "Total Income" items (on Line 22, Form 1040) remain. Therefore, it may be contended that only "Gross Income" remains, which cannot be taxed since it is unconstitutional: a taking of property by the Government in the form of a tax.
 - b. The answer is clear, based on the facts. The facts here in this Tax Table and its heading "Taxable Income" result from actual Taxable Income from 2001-2004 data. Therefore, the Tax Table is not a tax on "Total Income" or "Gross Income".
 - c. Please notice that Line 20a, or total Social Security benefits should be reported, instead of the amount on Line 20b, which is a maximum 85% that is taxed. This to conform with 2001-2004 data because of the elimination of all deductions to arrive at Taxable Income.
- 14a. If the 14 segments of Taxable Income are changed, or if the IRS Statistics are not available, they can be adjusted or interpolated to meet the new segments.
- b. I worked with these IRS Statistics of income years ago, as a Regional Analyst in the North Atlantic Region. I was also an Auditor and Appeals Officer (formerly known as Appellate Conferee,) during my 32 years IRS service.

15. Flat Tax and This Tax Table Distinguished:

- a. A Flat Tax is the same tax rate for all taxpayers, after only two deductions are allowed: Mortgage Interest and Charitable Contributions.
Since the same rate is for both low-income and high-income taxpayers, it is unfair for the low-income taxpayers.
- b. ~~This Tax Table is a graduated tax for all taxpayers. All of them have been allowed all deductions and credits and omitted Alternative Minimum Tax, based on the IRS Statistics for 2001-2004.~~
This is fair to all taxpayers.

16. Corporations, Fiduciary, Excise, Estate, Other Taxes and Schedules C (Business); E (Rental); and F (Farm) income should be simplified by experts from the IRS, Tax Institute, Legal and Accounting Professions. They may consider using the combined and tax-table concepts.

The only purpose of this suggestion is ^{to} help 150 million taxpayers. Their Final Tax (FT) can be a Happy Tax (HT). This is not a political matter.

Good luck. God bless America.

Patriotically and Sincerely,

Myron (Mike) Moscovitz
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I am an Attorney and Public Accountant; taught Federal Income Tax, Federal Estate & Gift Tax; Honorably Discharged from the U. S. Army; Entertains Alzheimer folks monthly at N.E. Focal Point, Deerfield Beach, FL free of course. Also, a poor typist.

January 27, 2005

Sen. Connie Mack
Federal Tax Reform Commission
Washington, D.C. 20037

Dear Sen. Mack -

I was pleased to hear of your appointment by President George W. Bush to his newly formed Federal Tax Reform Commission.

For years the IRS has ignored our founding documents, Declaration of Independence, Constitution of the U.S. of A., Bill of Rights, and Supreme Court decisions (U.S. v. Flora).

For years Members of Congress have given lame excuses for their inactivity concerning cleaning up this IRS mess.

Thus far, nothing lawful-compatible with our founding documents - have come out of Congress. And Congress created the IRS! Outless wonders, all!

President Bush is to be commended for forming this Federal Tax Reform Commission, and for appointing you and John Brex to head up this Commission.

Enclosed please find a small portion of our personal attempts to claim and stand up for our great founding documents and the Rule of Law. We have had over \$330,000. taken without court order from pay checks, Social Security checks, and Boeing Retirement monthly checks.

Please work honorably for America! and God Bless America!

Daryl E. Suedenburg and
Mrs. Mary Jo Suedenburg
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